



Presentation to Pajaro Valley Health Care District Hospital Corporation Board

Transition Implementation Activities 60 days from Closing

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Managing Director, Health Care Division
Founderwerk, Inc**

Functional Assignments

Assignment	Responsible for Execution	Notes
Purchasing Strategy	<i>FTI</i>	
Supply and Equipment Executory Contracts	<i>Force10 - Nick Rubin and Team</i>	
Finance and Accounting - Buyer Side Leadership	<i>Interim CFO Buyer Side</i>	
Finance and Accounting - Transition Activities	<i>Force10 – Renee Albano</i>	<i>including treasury, budget & cash flow</i>
Financing and Accounting - Executive Support	<i>FTI</i>	<i>Jeff Benson, FTI Leader</i>
Finance and Accounting - Payroll (Buyer Support)	<i>Payroll Manager</i>	<i>.25 Secondence</i>
Human Resources Leadership - Buyer Side	<i>Allyson Huack</i>	<i>.75 Secondence</i>
Human Resources Buyer Support (HRIS and employee onboarding)	<i>Allyson Huack</i>	<i>2 FTE, .25 FTE Secondence Temps, FTI Resource</i>
Human Resources - ADP Transition Leadership and Short-Term Contract Negotiation	<i>FTI</i>	<i>JoAnne Giambalvo</i>
Human Resources - Labor	<i>Allyson, An Ruda, Cecilia</i>	
Communications	<i>FTI and Internal Communications Leaders</i>	
Revenue Cycle (including Performance Improvement)	<i>FTI</i>	
Physician Contracting	<i>FTI, Cecilia</i>	
Managed Care (including payor notifications)	<i>Guidehouse/Navigant</i>	
Information Technology	<i>IT Optimizers, Joe DeLuca</i>	
TMO - Project Management	<i>FTI TMO</i>	

Scope Update Summary

	Proposal Summary	Original Contract End Date	Timeline
Purchasing	<ul style="list-style-type: none"> Advise on contract negotiation process with GPO and Distribution Vendors Ad-hoc virtual meetings as needed or requested 	June 19*	June 27 - August 31
Finance & Accounting / RCM PMO and SME Support	F&A <ul style="list-style-type: none"> Light PMO around project deliverables/workplan in collaboration with Watsonville Hospital and PVHDH (“seller”/“buyer”), and Force 10 Assist with bank account opening at US Bank for PVHDH/District Participate in Medhost implementation plans and provide advice as needed 	June 5*	June 27 – August 31
	RCM <ul style="list-style-type: none"> Review and assess existing RCM reporting and dashboard (internal and vendors), provide recommendations on industry best practices for RCM analytics and provide key focus areas based on outcome of review Participate in Medhost implementation plans and provide advice as needed Provide guidance and monitor progress for RCM readiness workplan 	May 29*	
Finance & Accounting CFO Support Option 1	<ul style="list-style-type: none"> Onsite visits spanning 8 hours total and additional visits as needed Coaching services to be provided include support on the following areas: finance & accounting organization, C-Suite leadership meetings, management reporting package, Board presentation Assist with evaluating F&A candidates and hiring of new team members Regular virtual meeting cadence (up to 2-hours/ each) as needed Ad-hoc virtual meetings as needed or requested 	June 5*	June 27 – November 30
Human Resources	<ul style="list-style-type: none"> ADP Implementation Support and Coordination with Workstream Lead 	June 5*	June 27 – August 31
Communications	<ul style="list-style-type: none"> Support pre-Close communications Continue developing multi-stakeholder Key Messages Create and maintain Close Communications Plan Develop core and stakeholder communications materials for Close Partner with Functional Teams to address any function-specific changes or required actions in Close communications Support drafting of TMO deliverables and communications project management 	July 31	August 1 - August 31
TMO	<ul style="list-style-type: none"> Develop, drive, and co-lead the TMO, TMO deliverables, and coordination/ consolidations across all workstreams Coordinate and drive cross-functional issues and interdependencies Create executive dashboard reporting and provide updates to the Steering Committee Facilitate Steering Committee reporting and escalation (incl. decisions/risks/issues/resolution) Manage transition structure, governance and cadence Provide recommendations to evolve and manage contracts inventory tracker and status Support coordination and prioritization of turnaround and restructuring initiatives Engage with non-FTI supported workstreams (e.g., Compliance, Information Technology, Legal, Managed Care, Operations, Regulatory) to collect and consolidate TMO deliverables and coordinate cross-functional dependencies in a consistent manner 	July 31	August 1 - August 31

*indicates workstreams that have required continued support past original contracted end date

Weekly Status Report | Communications

IMMEDIATE RECOMMENDATIONS

On Track 

Milestones	START	END	May 2022					June 2022				July 2022				Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21
Communications																			
Map out and align on roles and responsibilities within the Communications Working Group as well as review and approval process	5/23/22	5/24/22																	
Determine channels to reach each stakeholder group moving forward	5/23/22	5/24/22																	
Create Communications Inventory to outline in-flight and upcoming communications milestones and corresponding actions	5/23/22	7/1/22																	
Develop Close Communications Plan, inclusive of a list of necessary materials for each stakeholder group and timeline for the development and rollout of materials	5/23/22	8/30/22																	
Develop and align on go-forward Key Messages	5/31/22	7/1/22																	
Partner with functional teams to understand and map out any near-term change impacts with communications implications	6/13/22	8/30/22																	
Develop remaining core communications materials for Close as outlined in the Close Communications Plan (Master Q&A and Press Release)	6/27/22	8/30/22																	
Develop stakeholder communications materials for Close as outlined in the Close Communications Plan	7/5/22	8/30/22																	

KEY LIST OF CONTRACTS

- n/a

ACCOMPLISHMENTS THIS WEEK





- Key Messages:** Refined draft of key messages to serve as the foundation for all future communications materials, particularly those related to the completion of the transaction
- Close Communications Plan:** Continued to update Close Communications Plan, including a list of necessary materials for each stakeholder group as well as a timeline for the development and rollout of those materials
- July Employee Update:** Began to draft next employee update
- Master Q&A:** Began to draft FAQs across stakeholder groups

INTEGRATION FOCUS NEXT WEEK

- Weekly Meeting:** Hold Communications Working Group Call
- Close Communications Plan:** Continue to maintain Close Communication Plan on an ongoing basis
- Key Messages:** Incorporate feedback and finalize key messages
- Master Q&A:** Continue developing FAQs across stakeholder groups
- July Employee Update:** Finalize and distribute next employee update, ensuring it reaches all hospital employees (including medical staff)
- Broader Close Communications:** Begin to draft other Close communications materials, including Close Press Release and stakeholder-specific emails

RAID ITEMS

- n/a

 On Track
  At Risk
  Behind Schedule
  Complete
  Not Started

Weekly Status Report | Finance & Accounting

CRITICAL PATH MILESTONES

At Risk 

Milestones	START	END	May 2022					June 2022				July 2022				Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21
Finance & Accounting																			
Establish and/or novate new and existing bank accounts to receive and disburse payments	5/16/22	7/31/22																	
Establish Day 1 Financial Reporting system, structure, and procedures	5/16/22	8/31/22																	
Set up fully approved budget for Day 1 FP&A analysis to support financial decision making	5/23/22	8/31/22																	
Hire and onboard FP&A/ Treasury Manager to perform planning & budgeting and treasury responsibilities	8/17/22	8/31/22																	
Coordinate with all F&A and service vendor contracts (e.g., MedHost, ADP, MarshMcLennan) new legal entity/ operating structure to ensure transaction and services will be provided on Day 1	5/16/22	8/31/22																	

KEY LIST OF CONTRACTS

- **ADP** – Payroll Processing
- **Global Health Exchange ('GHX')** – Procurement/ Purchasing
- **MarshMcLennan** – Pension obligations/ audit
- **MedHost** – EHR solution
- **TRE & Associates** – Cost Reporting

ACCOMPLISHMENTS THIS WEEK

- **Critical Workplan:** Continue to coordinate status updates and revisions to critical workplan in partnership with Buyer/ Seller.
- **Bank Accounts:** Revised future-state bank account schematic following confirmation of denial from Wells Fargo on novation of bank accounts; Coordinated opening of US Bank accounts (FSA/Medical, Payroll, Operating, Disbursement) with US bank representative and Santa Cruz County Treasurer to ensure timely opening of bank accounts. Met with County Treasurer to open bank accounts at District (Board resolution is required to open bank account).
- **FTI received guidance for role going forward.**

INTEGRATION FOCUS NEXT WEEK

- **Bank Accounts:** Continue to coordinate with US Bank representative on gathering necessary information to perform KYC process and expedite opening of District bank account (operating) and PVHDH bank accounts; Support opening of District operating bank account with US Bank.
- **MedHost:** Continue to conduct meetings with MedHost to push setup under new operating entity forward. Next meeting scheduled for 7/5.
- **Critical Workplan:** Hospital CFO organization to continue with the execution of close steps (FP&A Manager interviews, if applicable, or engagement of external resource on or around 7/5; MedHost transition; budget projection review; etc.)

RAID ITEMS

- **(RISK)** Section 501(c)3 Approval Pending: Determine PVHDH's operating tax status on Day 1 and the appropriate communication to vendors and suppliers
- **(RISK)** Bank Accounts: Initiate bank account opening and/or determine lead time required for bank account novation to PVHDH. As of 6/21, legal has reviewed and approved BofA assignment. On 6/27, Hospital informed Wells Fargo denied novation request. FTI coordinating with buyer/ seller/ US bank stakeholders on opening US Bank accounts.
- **(RISK)** Chart of Account: A support resource may be needed to perform CoA mapping exercise once reporting requirements are determined by CFO/ leadership
- **(ACTION)** Review Medhost Capabilities: Team met with MedHost initially on 6/1 with initial questionnaire. As of 6/24, MedHost SOW is signed, and new instance setup is no longer required.
- **(ACTION)** Financial Plan/ Budget: Concluded call on 6/6 with Kaufman Hall to understand improvement initiatives and model assumptions. Hospital waiting to see if projection change from now-august before modifying model to monthly P&L format

 On Track
  At Risk
  Behind Schedule
  Complete
  Not Started

Weekly Status Report | Physician Agreements

CRITICAL PATH MILESTONES

On Track 

Milestones	START	END	May 2022					June 2022				July 2022					Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28
Physician Agreements																				
Review all physician agreements	5/2/22	7/29/22																		
Provide FMV assessment for all arrangements entered by Watsonville	5/2/22	7/9/22																		
Discuss results of FMV analysis with Watsonville representatives, including indication of arrangements that should be targeted for re-negotiation due to compensation significantly above FMV	5/2/22	7/29/22																		
BBK to review and approve all physician contracts (contracts with conflicted entities, etc.)	TBD	TBD																		
Contract negotiation	5/2/22	7/29/22																		

KEY LIST OF CONTRACTS

- Coastal Health Partners MSO
- Individual physician/group agreements

ACCOMPLISHMENTS THIS WEEK





- Contract Review:** Reviewed all available contracts in scope for our workstream.
- Communication:** Communicated regarding the establishment of a compensation committee as well as best practices in physician contracting. Provided preliminary guidance regarding market compensation rates for call coverage and medical directorship, and additionally provided targeted contracts for negotiation.
- FMV Analysis:** Provided preliminary guidance regarding market compensation rates for call coverage and medical directorship, and additionally provided targeted contracts for negotiation.
- Contract Negotiation:** Established FTI's role in contract negotiation (led by Chris Carson) as well as key contracts where FTI involvement in negotiation will be important (in-person ICU services and anesthesiology). Established FTI's role in determining the market environment for OB/GYN call (i.e. whether it makes sense for physicians to provide call related to their own patients).

INTEGRATION FOCUS NEXT WEEK

- Review and assess FMV considerations for Coastal Health Partners MSO agreement
- Provide formalized guidance for negotiation based on FMV analysis for call coverage agreements.
- Assist in negotiations with ICU group and anesthesia group. Information related to anesthesia groups will be provided when client has determined a desirable schedule for anesthesia call.
- Research the OB/GYN call environment to provide recommendations related to whether OB/GYN call coverage is a necessity on a go-forward basis (i.e. does it make sense to pay OB/GYN providers when they essentially are only providing coverage relating to their already established patients).
- Schedule additional calls as needed with Steven Salyer and Cecilia Montalvo to discuss strategy for contractual negotiations with physicians.
- Schedule and perform negotiations with in-person ICU group

RAID ITEMS

- (RISK)** Physicians are potentially being compensated above market rates for call coverage arrangements - Performed analysis regarding FMV rates for call coverage arrangements entered into with various physicians and groups
- (ACTION)** Physician compensation strategy discussion with Cecilia Montalvo and Steven Salyer
- (ISSUE)** Locate outstanding contracts and/or amendments

 On Track
  At Risk
  Behind Schedule
  Complete
  Not Started

Weekly Status Report | Revenue Cycle Management

CRITICAL PATH MILESTONES

On Track 

Milestones	START	END	May 2022					June 2022				July 2022				Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21
Revenue Cycle Management																			
Successful generation of new hospital charges	5/4/22	7/15/22																	
Successful vendor operations on Day 1 for AR management and cash posting	5/4/22	7/17/22																	
Replace RCM interim management with in-house resources	5/4/22	8/1/22																	

KEY LIST OF CONTRACTS

- **3M** – Coding backfill
- **CliQ** – Credit card machines
- **CMRE** – Early out Bad Debt
- **Elevate** – Self Pay Statements
- **Experian** – Eligibility
- **Fluency** – Transcription
- **GE Centricity** – EMR/OB-Gyn
- **Guidehouse** – AR Outsource
- Individual payer contracts
- **MedHost** – EMR/PAS
- **Prospect Health** – Interim Mgmt
- **SSI** – Clearinghouse

ACCOMPLISHMENTS THIS WEEK


- Presented proposed next steps with Buyer, including PMO/ F&A/ RCM Support functional design of MedHost GL and managing project workplan

INTEGRATION FOCUS NEXT WEEK

- **Next Steps:**
 - Obtain refreshed RCM reports for review
 - Continue to participate in MedHost discussions
 - Continue to partner with Sumer/Renee to drive forward the items identified in the Critical Path workplan, including RISK items identified

RAID ITEMS

- **(RISK) Opportunity for improvement in regulatory compliance initiatives (No Surprises Act)** - Develop improved strategy for cost reporting work including price transparency implementation (machine readable file & shoppable services guidance)
- **(RISK) Sunset/transition of Prospect relationship** - Recruit for internal leadership positions for Prospect to replace functions in OR Scheduling, CDI and RCM director roles
- **(RISK) Evaluate CliQ contract for the credit card machines** - Review specs of CliQ contract to identify steps needed to ensure credit card machine set-up
- **(RISK) Patient registration and migration for Day 1 transition** - Development process for discharging and readmitting in-house patients at 12AM on Day 1 including documentation of steps necessary to register and bill for patients that are in the hospital during go-live transition to new entity and documentation of financial and clinical systems integration
- **(ACTION) Update commercial and government payor contracts with new entity information through Guidehouse**
- **(ACTION) Ensure all network and system access (internal and vendor) in place for Day 1** - IT to set-up/maintain email addresses, network access, credentials, etc. for vendors to ensure smooth transition for RCM performance

 On Track
  At Risk
  Behind Schedule
  Complete
  Not Started

Weekly Status Report | Purchasing

CRITICAL PATH MILESTONES

At Risk 

Milestones	START	END	May 2022					June 2022				July 2022					Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28
Purchasing																				
Make decision on renewal or termination of all contracts by workstream and pay cure amounts	5/1/22	7/31/22																		
Review options, facilitate vendor calls, and finalize and sign GPO agreement	5/23/22	7/8/22																		
Review options, facilitate vendor calls, and finalize and sign supply distributor	7/5/22	7/31/22																		
Review options, facilitate vendor calls, and finalize and sign pharmacy distributor	7/5/22	7/31/22																		

KEY LIST OF CONTRACTS

- GPO Vendors (e.g. HPG)
- Pharmacy distributors (e.g. Cardinal)
- Supply distributors (e.g. O&M)

ACCOMPLISHMENTS THIS WEEK

- **Tracker Progress:** The Team has provided the contract tracker with key fields as well as a population methodology. Awaiting further feedback from PVHDH team members.
- **GPO Strategy:** Continuing conversations with both HPG, Premier, and Vizient to discuss potential GPO options post-close
 - HPG to provide agreement with 90-day out clause
 - Watsonville/FTI provided top 80% spend data to Premier and Vizient for savings comparison. Request for additional data to be appended – Item Master was provided.
- **Distribution Strategy:** O&M to provide draft agreement for supply distribution. Cardinal putting together proposal.

INTEGRATION FOCUS NEXT WEEK

- **Tracker:** Stand by and coordinate, facilitate any contract copy needs from other workstreams.
- **GPO and Distribution Strategy:**
 - Review HPG continued agreement with 90-day out clause for acceptability
 - Review feedback from Premier and Vizient for cost savings analysis
 - Review O&M and Cardinal agreements

RAID ITEMS

- **(DECISION) GPO Discussions - Decision needed on whether to move forward with HPG or convert to another vendor**
- **(RISK) Contract Tracking Assignment** - Ownership of the contract tracking process established for all Workstreams
- **(RISK) Need for GPO Decision** – Need for progression towards GPO Decision so options are not lost, including data sent to Premier and Vizient, and receipt of HPG agreement
- **(ACTION) Designated Contract Tracking Owner** - Need to assign a point person to track all developments in contract acceptance

Weekly Status Report | Human Resources

CRITICAL PATH MILESTONES

Behind Schedule ●

Milestones	START	END	May 2022					June 2022				July 2022					Aug 2022			
			1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28
Human Resources																				
Purchase Agreement (APA) Maintenance	6/1/22	8/1/22																		
Buyer's HR Organization Structure design (including temporary transition staffing and contractors) complete and staffed	5/20/22	6/30/22																		
Employees and contractors have been transitioned from seller to buyer	5/24/22	8/15/22																		
Identify and define Contractor roles	6/1/22	7/30/22																		
Retirement - New 457 and 401(b) plan in place for Day 1 - Need to update based on MMA Project Plan	5/20/22	8/15/22																		
Cash Balance (DB Plan) and Post-Retirement Medical ("OPEB") plans in place for Day 1	5/20/22	8/15/22																		
Health & Welfare plans transitioned to buyer	5/24/22	8/15/22																		
Payroll / HRIS /Advanced time built, tested, and ready for Day 1	4/15/22	8/31/22																		
HR Policy Harmonization	5/24/22	7/31/22																		
Review open position / determine candidate & pipeline hand off strategy	6/2/22	8/15/22																		
Day One Communications materials and communication plan finalized and ready to go	6/10/22	7/31/22																		
Financial - Purchase Price Adjustments, Opening Balance Sheet items, stand-alone HRTOM	6/10/22	7/31/22																		
Governance	6/10/22	8/15/22																		
Technology Strategy	6/10/22	7/31/22																		

KEY LIST OF CONTRACTS

- ADP
- Aetna Health of California
- Bartko Zankel Bunzel Miller
- Delta Dental of California
- DHHS, CMS
- Employment agreements
- General Teamsters Local 912
- HealthTrust Workforce Solutions LLC
- Igoe & Company Incorporated
- Kaiser Foundation Hospitals
- Marsh & McLennan Insurance Agency LLC
- Meritain Health Inc
- Miller's Transfer & Storage
- Pinnacle Medical Group, Inc.
- Result Group Inc
- RxBenefits, Inc
- SEIU United Healthcare Workers
- Sterling Infosystems, Inc.
- Team Health Medical Call Center
- Transwestern Insurance Administrators, Inc.
- Vision Service Plan

ACCOMPLISHMENTS THIS WEEK

- Met with Buyer on Phase 3 Execution scope – determined FTI will work on ADP Spin and all other HR transition activities will be transferred to Allyson Hauck - 6/28/2022
- Buyer met with BBK to understand Coastal Partners and what continued employee services will be provided (Payroll and Health Welfare) – 6/28/2022
- Met with FTI's FP&A team to determine path forward on bank accounts for CHP and the District – 6/29/2022
- Met with ADP to determine language in the SOW for the Buyer to be able to sign – 6/30/2022
- Met with Allyson to transition the appropriate artifacts to move forward - 7/1/2022
- BBK and Marsh to provide plan options for New 457 & 401(a), Cash Balance 401(a) and OPEB plans and present to the Buyer for approval – 7/1/2022
- Sent RAA and EIN Confirmation forms to ADP - 6/30/2022

INTEGRATION FOCUS NEXT WEEK

ADP

- Buyer to sign ADP SOW – no later than 7/1/2022
- Meeting with ADP Path forward and Status – week of July 3, 2022
- Determine name going to be used on the Pay checks after close – week of 7/3
- Buyer to have Tax and Bank forms reviewed by appropriate parties - 7/1/2022
- Buyer to sign and submit ADP Banking and Tax Forms – 7/1/2022

Health & Welfare

- Buyer to sign Broker of Record letter and return to Marsh – 7/5/2022
- Marsh H&W Team to provide project plan for Day 1 transition – 7/7/2022

Retirement Plans

- Buyer's approval on plan options for New 457 & 401(a), Cash Balance 401(a) and OPEB plans - week of July 3, 2022
- Marsh Retirement Team to provide project plan for Day 1 transition – week of July 3, 2022

Onboarding

- Determine Offer letter process – week of July 3, 2022

RAID ITEMS

- **(DECISION) Retirement Benefits: Determine path Forward on replacing 401k, Cash Balance, and OPEB plans**
- **(RISK) Union Planning:** Determine if any implications with changing Retirement Plans
- **(RISK) ADP Contract:** delay in new ADP SOW will impact employee transition Day 1
- **(RISK) Payroll & Tax:** Bank accounts must be set up for new legal entities
- **(RISK) HR 30+ Contracts:** Buyer needs to review, assign, or create new to cover the existing HR contracts

